

CABLE SYSTEM FRANCHISE AGREEMENT

BETWEEN THE COUNTY OF SAN LUIS OBISPO
AND CHARTER COMMUNICATIONS PROPERTIES, L.L.C.

EFFECTIVE: March 1, 2005

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A GRANTEE COMMITMENT TO PEG ACCESS

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AGREEMENT

This Agreement, made and entered into this 14 day of December, 2004, at San Luis Obispo, California, by and between the County of San Luis Obispo, a political subdivision of the State of California (herein after called "COUNTY"), and Charter Communications Properties, L.L.C. (herein after called "GRANTEE"), a Delaware Limited Liability Company.

RECITALS

1. The COUNTY, pursuant to Chapter 6.48 of the COUNTY Code , is authorized to grant and renew one or more non-exclusive revocable franchises to operate, construct, maintain and reconstruct a Cable System within the unincorporated areas of the COUNTY; and

2. The COUNTY, after due evaluation of GRANTEE has determined that it is in the best interests of the COUNTY and its residents to renew its Franchise with GRANTEE.

3. This franchise document is between COUNTY and GRANTEE incorporates and supersedes the franchise dated May 25, 1993 by and between COUNTY and Falcon Cable Systems Company and the franchise dated August 25, 1987 by and between COUNTY and Sonic Cable Television of San Luis Obispo.

NOW, THEREFORE, the COUNTY hereby grants to GRANTEE a renewal of its Cable System Franchise in accordance with the provisions of Chapter 6.48 of the COUNTY Code and this Agreement.

SECTION 1 RENEWAL OF FRANCHISE

1.1 Grant

A franchise is hereby granted to Grantee, subject to the conditions set forth in this Agreement and the Cable System Regulatory Ordinance. Subject to the conditions set forth in this Franchise, the Franchise grants the right to construct, reconstruct, operate and maintain a Cable System in, over, along and under Public rights-of-Way within the unincorporated areas of the County for the purpose of providing Cable Service, commencing on the effective date of the Franchise, for a period set forth in Section 1.4 herein.

1.2 Not Used

1.3 Effective Date of Franchise

The Franchise shall be effective on March 1, 2005, contingent upon prior San Luis Obispo Board of Supervisor's approval and the filing by GRANTEE with the COUNTY Clerk, of the executed Franchise Agreement and the required security fund and insurance certificates by the effective date. If the filing of the executed Franchise Agreement, security fund or any such insurance certificates does not occur by the effective date of this Agreement, the COUNTY may declare the Franchise Grant null and void.

1.4 Duration

The term of the renewal shall be ten (10) years from the effective date hereof.

1.5 Conflict with County Code

(a) The provisions of Chapter 6.48 of the COUNTY Code, in effect as of the effective date of this franchise, are hereby incorporated herein by reference as if set out in full, and form part of the terms and conditions of this Agreement. In event of any conflict between the terms and conditions of this Agreement and the provisions of Chapter 6.48 of the COUNTY Code, this Agreement shall prevail.

(b) Should Chapter 6.48 of COUNTY Code be amended, revised, superseded or otherwise changed after the effective date hereof in such way as would materially affect the terms and conditions of this Agreement, said amendment, revision or change shall not apply to this Agreement without GRANTEE's approval.

1.6 Definitions

The definitions contained in Chapter 6.48 of COUNTY Code are incorporated herein as if fully set forth.

SECTION 2 GENERAL REQUIREMENTS

2.1 Governing Requirements

GRANTEE shall comply with all lawful requirements of this Agreement, Chapter 6.48 of the COUNTY Code, all other applicable requirements of the COUNTY Code, as it relates to its police powers and applicable State and Federal law.

2.2 Franchise Fee

(a) The GRANTEE shall pay to the COUNTY an annual Franchise Fee of five percent (5%) of Gross Annual Cable Service Revenues, or the maximum permitted by law or regulation should this percentage be increased, received by the GRANTEE and derived from the operations of the Cable System in the unincorporated areas of the COUNTY covered by this Agreement.

(b) If the County has authority under applicable law to require the Grantee to obtain County authorization and/or to pay compensation for the provision of services other than Cable Services over the Cable System, then Grantee shall obtain such authorization and/or pay such compensation to the County at the maximum rate permitted by law. The rate shall be established in an Ordinance adopted by the

COUNTY Board of Supervisors and applied in a non-discriminatory manner to all providers of such services franchised by COUNTY.

(c) For the purposes of this Agreement, revenues collected as Franchise Fees shall be included in Gross Annual Cable Service Revenues.

(d) In the event that the GRANTEE shall, during the term of the Franchise, bundle, tie or combine Cable Services (which are subject to the Franchise Fee) with non-Cable Services (which are not subject to the Franchise Fee) and provide the bundled, tied or combined service at a total price which is discounted from the total sum of the rates for the same services if they are purchased on an individual basis, then for purposes of attributing gross revenues for calculating franchise fee payments, the ratio of the total bundled price that is attributed to Cable Services shall be equivalent to the ratio of the total price of the services that would be attributable to Cable Services if the same group of services were purchased on an individual basis.

(e) The Franchise Fee shall be payable quarterly, by no later than forty-five (45) days following the quarter for which payment is due.

(f) In the event that payment is not received by the COUNTY within forty-five (45) days after the date specified in this Section GRANTEE shall pay interest on the outstanding balance at the rate of one and one-half percent (1.5%) per month from the date of GRANTEE's failure to pay.

2.3 Payment to COUNTY

(a) No acceptance of any payment shall be construed as an accord that the amount is in fact the correct amount, nor shall such acceptance of payment be

construed as a release of any claim the COUNTY may have for further or additional sums payable under the provision of this Agreement. All amounts shall be subject to audit, as authorized by COUNTY Code.

2.4 Insurance

(a) Grantee shall procure and maintain for the duration of the Franchise insurance against claims for injuries to persons or damages to property which may arise from or in connection with the operation of the franchise by the Grantee, its agents, representatives, employees or subcontractors and other insurance as required by law. Lack of insurance does not negate Grantee's obligations under this Agreement. Grantee agrees that in the event of loss due to any of the perils for which it has agreed to provide insurance, Grantee shall look solely to its insurance for recovery, except where caused by the active negligence, sole negligence, or willful misconduct of Grantor. Grantee hereby grants to Grantor, on behalf of any insurer providing insurance to either Grantee or Grantor with respect to the services (occupancy or premises) of Grantee herein, a waiver of any right to subrogation that any insurer of Grantee may acquire against Grantor by virtue of the payment of any loss under such insurance.

(b) Grantee shall maintain limits no less than:

(1) General Liability: Two Million Dollars (\$2,000,000) per occurrence for bodily personal injury and property damage.

(2) Automobile Liability, for automobiles owned or used by Grantee or grantee's agents or employees while acting upon Grantee's behalf: Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage.

(3) Workers' Compensation insurance as required by the State of California, and Employer's Liability Insurance.

(4) Employer Liability: Two Million Dollars (\$2,000,000) per accident for bodily injury or disease.

(5) Property insurance in an amount adequate to enable Grantee to resume Cable System Operations following the occurrence of any risk covered by insurance.

(c) Grantee shall be responsible for paying all deductibles on all insurance policies.

(d) The general liability and automobile liability policies are to contain, or be endorsed to contain, all the following provisions:

(1) Grantor, its officers, officials, employees, agents and volunteers are to be covered as additional insureds as respects to any liability arising out of activities performed by or on behalf of Grantee; products and completed operations of Grantee; premises owned, occupied or used by Grantee; or automobiles owned, leased, hired or borrowed by or on behalf of Grantee. The coverage shall contain no special limitations on the scope of protection afforded to Grantor, its officers, officials, employees, agents or volunteers, and shall name Grantor as additionally insured.

(2) For any claim related to this Agreement, Grantee's insurance coverage shall be primary insurance as respects Grantor, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by Grantor, its officers, officials, employees, agents or volunteers shall be excess of Grantee's insurance and shall not contribute with it.

(3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect indemnification provided to Grantor, its officers, officials, employees, agents or volunteers.

(4) Grantee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(5) Should any of the policies described herein be cancelled before the expiration date thereof, the insurer affording coverage will endeavor to mail 30 days written notice to the certificate holder named herein, but failure to mail such notice shall impose no obligation or liability of any kind upon the insurer affording coverage, its agents or representatives, or the issuer of this certificate.

(6) Insurance shall be placed with insurers which have a Best rating of A -, FSC VII or better.

(7) Grantee shall furnish the Grantor with original certificates and amendatory endorsements effecting coverage required by this Section. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by Grantor before activity commences. Grantor reserves the right to inspect relevant sections of Grantee's insurance policies.

(e) Grantee shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor to Grantor for review and approval. All coverages for subcontractors shall be subject to all of the requirements stated herein.

(f) Grantor reserves the right to adjust the limit coverage requirements no more often than every three (3) years. Any such adjustment by the Grantor will be no greater than the increase in the Los Angeles-Riverside-Orange County Metropolitan Area Consumer Price Index (all consumers) for such three (3) year period.

(g) Insurance shall be secured and approved by Grantor prior to commencement of work according to this Agreement. The policy or a successor policy must be in effect for the duration of this Agreement. Grantee shall submit to Grantor documentation of the required insurance including a properly executed certificate of insurance and endorsements.

(h) Maintenance of proper insurance coverage is a material element of this Agreement and failure to maintain or renew coverage or to provide evidence of coverage and/or renewal may be treated by Grantor as a material breach of this Agreement. Grantee shall forward the Grantor's requirements and forms to Grantee's insurance agent for compliance.

(i) Grantee hereby indemnifies Grantor for any damage resulting to it from failure of either Grantee or any subcontractor to take out and maintain such insurance.

2.5 Indemnification

Grantee shall defend, indemnify and hold harmless the County, its officers and employees from all claims, demands, damages, costs, expenses, judgments, third party attorney fees in conjunction with, liabilities or other losses that may be asserted by any person or entity, and that arise out of or are made in connection with the acts or omissions, relating to the operation, maintenance or construction of the Cable System in the Franchise Area. The obligation to indemnify shall be effective and shall extend to all such claims and losses in their entirety. However, this indemnity will not extend to any claims or losses arising out of the sole negligence or willful misconduct of the County, its officers and employees or any allegations of defamation arising from public, education or government (PEG) access programming.

The preceding paragraph applies to any theory of recovery relating to said act or omission by the Grantee, or its agents, employees, or other independent contractors directly responsible to Grantee, including, but not limited to the following:

- I. Violation of statute, ordinance, or regulation.
2. Not used

3. Willful, intentional or other wrongful acts, or failures to act.
4. Negligence or recklessness.
5. Furnishing of defective or dangerous products.
6. Broad Form Property Damage (Including Completed Operations).
7. Premises liability.
8. Strict Liability.
9. Inverse condemnation.
10. Violation of civil rights.
11. Violation of any federal or state statute, regulation, or ruling resulting in a determination by the Internal Revenue Service, California Franchise Tax Board, or any other California public entity responsible for collecting payroll taxes, when the Grantee is not an independent contractor.

The above items 1 through 11 shall only apply to the acts or omissions of the operation, maintenance and construction of the cable system.

Nothing contained in the foregoing indemnity provisions shall be construed to require Grantee to indemnify County, against any responsibility or liability in contravention of Civil Code 2782.

It is the intent of the parties to provide the County the fullest indemnification, defense, and "hold harmless" rights allowed under the law and in accordance with the requirements of this Agreement. If any word(s) contained herein are deemed by a court to be in contravention of applicable law, said word(s) shall be severed from this contract and the remaining language shall be given full force and effect.

2.6 Security Fund

(a) Upon the effective date of this Agreement, GRANTEE shall establish and provide to COUNTY a security fund, as security for the faithful performance by GRANTEE of all material provisions of this Agreement. The security fund shall be in the amount of at least fifty-thousand dollars (\$50,000) and shall be in the form of Surety Bond.

(b) The security fund shall be maintained at the aforementioned amount throughout the term of this Agreement, provided that at intervals no more often than once each three (3) years, COUNTY shall have the right to require that this amount be increased to reflect changes in the Los Angeles-Riverside-Orange County Metropolitan Area General Consumer Price Index during the prior three (3) year period.

(c) The security fund may be assessed by COUNTY for those purposes specified in the COUNTY Code, provided that GRANTEE has received written notice to cure any material violations prior to any assessment, in accordance with Section 2.7 herein. As long as the COUNTY follows the procedures specified herein and in COUNTY Code for assessing and/or withdrawing funds from said security fund, GRANTEE shall not initiate litigation or non-County administrative action to prevent or impair COUNTY from accessing those funds. GRANTEE's recourse, in the event GRANTEE believes any taking of security funds is improper, shall be through legal action after the security has been drawn upon. If the COUNTY's action or taking is found to be improper by any court or agency of competent jurisdiction, GRANTEE shall be entitled to a refund of the funds plus interest.

(d) Nothing herein shall be deemed a waiver of the normal permit and bonding requirements made of all contractors working within the COUNTY'S rights-of-way.

2.7 Procedure for Remedying Franchise Violations

(a) The procedure for remedying Franchise violations or breaches shall be consistent with the COUNTY Code. COUNTY, by action of the Public Works Director or a delegate, shall first notify GRANTEE of the violation in writing by personal delivery or registered or certified mail, and demand correction within a reasonable time, which shall not be less than fifteen (15) days in the case of the failure of the GRANTEE to pay any sum or other amount due the COUNTY under this Agreement or COUNTY Code, and thirty (30) days in all other cases. If GRANTEE fails to demonstrate that a violation has not occurred, or to correct the violation within the time prescribed, or if GRANTEE fails to commence corrective action within the time prescribed and diligently remedy such violation thereafter, or if the violation is not correctable, the GRANTEE shall then be given written notice from the Public Works Director finding the GRANTEE in violation of this Agreement. Said notice shall specify the violations alleged to have occurred.

(b) In the event the Public Works Director finds that a material violation exists, for the purposes of this section, phone stats shall not constitute a material violation, and that GRANTEE has not corrected the same in a satisfactory manner or has not diligently commenced correction of such violation, the Public Works Director may impose liquidated damages, assessable from the security fund, of up to Two Hundred Fifty Dollars (\$250) per day not to exceed \$12,000 in one quarter, for unexcused violations of the requirements of this Agreement.

(c) For Franchise violations that result in an underpayment of funds owed to COUNTY by GRANTEE, damages shall accrue from the date of the Franchise violation. For all other Franchise violations, damages shall accrue from the date that GRANTEE receives written notice from the COUNTY of the Franchise violation.

(d) If the COUNTY elects to assess liquidated damages, pursuant to the provisions of this Franchise Agreement, then such election shall constitute

COUNTY's exclusive remedy for a period of one hundred twenty (120) days. Thereafter, if the GRANTEE remains in non-compliance with the requirements of the Franchise Agreement, the COUNTY may pursue any available remedy, provided, however, that COUNTY may institute revocation proceedings against GRANTEE only after declaration of default on the grounds set forth in COUNTY Code.

(e) GRANTEE shall have the right to appeal the Public Works Director's finding of violation to the COUNTY Board of Supervisors. Any appeal by GRANTEE shall be made within thirty (30) days of the issuance of COUNTY's finding of breach. The Board of Supervisors shall schedule a hearing of the issue within thirty (30) days of receipt by the Public Works Director of GRANTEE's appeal.

(f) At the Board of Supervisors hearing, the Board of Supervisors shall hear and consider all relevant evidence, and thereafter render written findings and its written decision. The hearing shall provide GRANTEE with the full opportunity to participate and present evidence.

(g) In the event the Board of Supervisors finds that no material violation exists, the proceedings shall terminate and no penalty or other sanction shall be imposed and the GRANTEE shall be reimbursed for all reasonable, documented costs associated with processing the appeal. In determining whether a violation is material, COUNTY shall take into consideration the reliability of the evidence of the violation, the nature of the violation and the damage (if any), caused to the COUNTY thereby, whether the violation was chronic, and any justifying or mitigating circumstances and such other matters as the COUNTY may deem appropriate.

2.8 Reservation of Rights

COUNTY and GRANTEE reserve all rights that they may possess under the law unless expressly waived herein. By entering into this Agreement, neither GRANTEE nor COUNTY waives any rights which it now or may later enjoy under applicable law,

and specifically COUNTY and GRANTEE reserve their rights to take full advantage of any changes in law during the term of the franchise.

2.9 State or Federal Preemption

In the event that the State or Federal Government modifies its preemption in any area of Cable System regulation over which it currently exercises jurisdiction in such manner as to either expand or limit municipal regulatory authority, COUNTY and GRANTEE agree to negotiate in good faith to attempt to restore the mutual considerations provided in this Agreement.

2.10 Other Franchises

Upon the initial award or renewal of any Cable System Franchise approved by COUNTY pursuant to the provisions the COUNTY Code to other cable-system franchisees, COUNTY shall endeavor to grant such initial awards or renewals under terms and conditions which are competitively neutral and non-discriminatory. COUNTY shall comply with all requirements of California Government and other applicable laws and regulations.

SECTION 3 SERVICE AREA AND LINE EXTENSION POLICY

3.1 Franchise and Must Serve Area

The GRANTEE's Franchise Area shall be the entire unincorporated area of San Luis Obispo County. GRANTEE shall provide service to all areas being served at the time of the signing of this Agreement.

3.2 Provision of Service

Where the GRANTEE does provide service, the GRANTEE shall charge standard and customary rates for installation and service for residential and commercial Cable Service, without discrimination. The GRANTEE shall provide service at standard installation charges, provided that the unit is within two-hundred (200) feet for aerial and underground installations from the nearest distribution feeder cable of the GRANTEE's system. In the event a request is made for service by a resident in an area not meeting such criteria, the GRANTEE may charge an installation fee equal to GRANTEE's cost of time and materials plus customary overhead for the incremental portion of the installation beyond the footage limitation established above.

3.3 Line Extension Policy

Within the boundaries of the franchise area, the GRANTEE shall follow the policy outlined the COUNTY Code.

SECTION 4 SYSTEM AGREEMENTS

4.1 Institutional Network Capability

(a) The GRANTEE shall provide Institutional Network (I-Net) capability with the requirements of Exhibit "B" attached hereto.

(b) COUNTY and GRANTEE agree that COUNTY may use the I-Net capability for whatever purposes deemed appropriate by COUNTY provided the use is of a public, non-commercial nature.

4.2 Emergency Alert Capability

GRANTEE shall provide Emergency Alert System capability in full compliance with applicable Federal Communications Commission requirements. GRANTEE shall continue to work with the County's Office of Emergency Services to ensure use of this system in case of an emergency.

4.3 Standby Power

GRANTEE shall provide standby power generating capacity at the Cable System control center and at all hubs capable of providing at least forty-eight (48) hours of emergency supply. GRANTEE shall maintain standby power system supplies throughout the major trunk cable networks and at each node capable of providing emergency power within the standard limits of commercially available power supply units.

4.4 Technical Standards

Grantee shall meet or exceed the technical standards set forth in 47 C.F.R. Section 76.601 and any other applicable standards, provided that, nothing in this provision is intended to permit the County to exercise any authority that it is prohibited from exercising under applicable federal law.

4.5 Right of Inspection

COUNTY shall have the right to inspect all construction, reconstruction or installation work performed subject to the provisions of the franchise and other pertinent provisions of law, and as part of COUNTY's obligation to protect the public health, safety and welfare of its citizens.

SECTION 5 SERVICES AND PROGRAMMING

5.1 Services and Programming

GRANTEE shall comply with all federal, state and local laws related to services and programming.

SECTION 6 SUPPORT FOR LOCAL CABLE ACCESS

6.1 GRANTEE Support for PEG Access

GRANTEE shall provide the following or equivalent support for Public, Educational and Governmental ("PEG") Access within the Franchise Area:

(a) Provision and use of the grant funds and channels designated in Exhibit "A" this Agreement for local PEG Access.

(b) Maintenance of GRANTEE's PEG Access facilities in the City of San Luis Obispo, the designated PEG Access Channels, and support of PEG Access programming to the extent specified in Exhibit "A" of this Agreement.

(c) Provision of free public building installation, the lowest cost Basic Tier to the public buildings identified in Exhibit "A" and provision of I-Net capability to and from the locations specified in Exhibit "B" .

(d) GRANTEE shall provide, at no charge, one (1) installation and one cable modem for high-speed Internet access service to the public school and library buildings identified in Exhibit "A" of this Agreement

6.2 Compliance with Federal Law

6.2 Compliance with Federal Law

In accepting this Franchise, the GRANTEE agrees that the commitments indicated in Section 6.1 above are voluntarily entered into and are not a franchise fee within the meaning of 47 U.S.C. Section 542, are intended to fall within one or more of the exceptions listed in 47 U.S.C. section 542(g)(2), and shall not be offset against any Franchise Fees due the COUNTY during the term of the Franchise. County Agrees that pursuant to Federal law, Grantee may pass through to customers all costs associated with PEG services and I-net improvements on a line item basis.

SECTION 7 REGULATION

7.1 Franchise Regulation

The Franchise renewed under this Agreement shall be subject to regulation by COUNTY in accordance with all of the lawful provisions of Chapter 6.48 of the San Luis Obispo County Code as it existed on the effective date of the Franchise and applicable State and Federal laws and regulations.

7.2 Force Majeure

The force majeure provisions of the COUNTY Code shall apply.

7.3 Rate Regulation

If COUNTY is permitted under Federal and/or State law, to regulate the rates charged by GRANTEE, and if COUNTY elects to so regulate, COUNTY shall establish reasonable procedures consistent with due process and applicable laws and regulations and follow those procedures before so regulating.

7.4 Service Standards

A verified and continuing pattern of noncompliance with the service standards contained in COUNTY Code and/or this Agreement shall constitute a material breach of this Agreement.

7.5 Notices

Notices transmitted by either party to this Agreement to the other party shall be addressed as follows:

COUNTY: Director of Public Works
San Luis Obispo County
County Government Center, Room 207
San Luis Obispo CA 93408

GRANTEE: General Manager
Charter Communications
270 Bridge Street
San Luis Obispo, CA 93401

Copy To: Vice President Government Relations
Charter Communications
Charter Plaza
12405 Powerscourt Drive
St. Louis, MO 63131-3674

7.6 Successors and Assigns

All provisions of this Agreement shall apply to any lawful successors and assigns.

7.7 Separability

If any provision of this Agreement or the application of such provision to any circumstance is rendered unconstitutional or otherwise invalid any law, ordinance, regulation or court of competent jurisdiction, the remainder of this Agreement or the application of the provision to other circumstances, shall not be affected thereby.

7.8 Choice of Law

This Agreement shall be governed by and interpreted under the laws of the State of California.

7.9 No Waiver

GRANTEE shall not be excused from complying with any of the terms and conditions of this Agreement by any failure of the COUNTY upon any one (1) or more occasions to insist upon or to seek compliance with any such terms or conditions.

7.10 Discounts

All customers who have been receiving a discount from a prior franchise agreement will continue receiving that discount until the customer chooses to disconnect from the service.

7.11 Possessory Interest

By accepting this Franchise, GRANTEE acknowledges that notice is and was hereby given pursuant to California Revenue and Taxation Code Section 107.6 that use or occupancy of any public property pursuant to the authorization herein set forth may create a possessory interest which may be subject to the payment of property taxes levied upon such interest. GRANTEE shall be solely liable for, and shall pay and discharge prior to delinquency, any and all possessory interest taxes or other taxes levied against GRANTEE's right to possession, occupancy, or use created by this Franchise. GRANTEE shall not be barred from challenging any amounts assessed pursuant thereto.

7.13 Exhibits

Exhibits "A" and "B" are an integral part of this Agreement. All references to this Agreement shall include all Exhibits.

IN WITNESS WHEREOF, COUNTY and GRANTEE have executed this Agreement the date and year first above written.

(SEAL)

ATTEST:

County Clerk and Ex-Officio Clerk of
the Board of Supervisors, County of
San Luis Obispo, State of California

(CORPORATE SEAL)

CHARTER COMMUNICATIONS
PROPERTIES, L.L.C.

By:_____

Name, Title

Date:_____

COUNTY OF SAN LUIS OBISPO

By: _____
Chairperson San Luis Obispo County
Board of Supervisors

EXHIBIT A: GRANTEE COMMITMENT TO PEG ACCESS

1. BASIC CABLE SERVICE TO PUBLIC BUILDINGS

A. GRANTEE shall provide one outlet of basic cable service, consisting of the lowest level of basic service, to the following facilities, including connection, without fee, cost or charge whatsoever, whenever any portion of GRANTEE's distribution feeder cable whether within or outside of the Franchise Area, passes within two hundred (200) feet of the lot line or boundary of the following facilities:

- 1) Public schools and community colleges; and
- 2) Buildings owned and controlled by the County or special districts, and used for public administration purposes (fire and sheriff's stations included); and
- 3) Public libraries.

B. Such basic cable service shall be operational to such buildings referenced in subsection (A) of this section within ninety (90) days of GRANTEE's cable system meeting the minimum distance requirements for such public buildings, subject to, and expected by any delays caused as a result of the requisite permit process.

C. Grantee shall be responsible for transmitting signal from any County facility where Charter is currently transmitting signal. In County buildings currently not transmitting signal, Charter would facilitate signal transmission at the expense of the County.

- D. Any Public buildings currently receiving Basic Cable Service as of the effective date of this Agreement shall continue to receive Basic Cable Service for the duration of this Agreement.

2. UPSTREAM VIDEO CAPACITY

(A) By not later than six (6) months after the effective date of this Agreement, and for the term of this Agreement, GRANTEE shall provide upstream fiber optic links from all publicly owned or controlled facilities where at least one Brown-act (Section 54950 et seq – California Government Code) meeting occurs monthly on a regular basis of an elected governing board, and all public libraries within the GRANTEE's service area and is within 200 feet of existing infrastructure capable of providing said upstream fiber-optic links.

(B) All community services districts, not meeting the conditions of Section 2 (a), located within the unincorporated areas of the COUNTY and within the GRANTEE's service area, and within 200 feet of existing infrastructure capable of providing said upstream fiber-optic links shall be provided, at no-cost, one upstream fiber optic link within sixty (60) days of written request to the GRANTEE by the GRANTOR.

3. INTERNET ACCESS SERVICE TO SCHOOLS AND LIBRARIES

- C. By not later than six (6) months after the effective date of this Agreement, GRANTEE shall provide and/or offer one connection of activated interactive data communications capability, consistent with the Cable System delivery of "cable modem" Internet access services. to the following facilities, including connection, without fee, cost or

charge whatsoever, whenever any portion of GRANTEE's distribution feeder cable, whether within or outside of the Franchise Area, passes within two hundred (200) feet of the lot line or boundary of the following facilities:

- 1) Public schools and community colleges; and
- 2) Public libraries.

It is COUNTY's and GRANTEE's intent that all current and future public schools and libraries shall be provided and/or offered the cable modem services.

There shall be no installation charge for buildings and locations within the installation distance of two hundred feet (200) from GRANTEE's contiguous cable plant. For buildings and locations beyond the standard installation distance, upon COUNTY request, GRANTEE shall provide a written cost quotation detailing the charges for the distance in excess of the standard installation. COUNTYS, or an agent of the building operator, written agreement to pay for the additional costs shall be required prior to GRANTEE becoming obligated to extend service to the designated location.

4. PUBLIC, EDUCATIONAL AND GOVERNMENTAL (PEG) ACCESS CHANNELS

- (a) Upon the effective date of this Agreement, GRANTEE shall continue to make one (1) downstream Channel available exclusively for County-wide Public Access use.

- (b) Upon the effective date of this Agreement, GRANTEE shall continue to make one (1) downstream Channel available exclusively for County-wide Educational Access.
- (c) Upon the effective date of this Agreement, GRANTEE shall continue to make one (1) downstream Channel available exclusively for County-wide Government Access and Issues This Channel will be in addition to the other Channels provided for in this Exhibit .
- (d) Upon the effective date of this Agreement, GRANTEE shall, **where practical**, make one (1) downstream Channel available exclusively for the community service districts within the unincorporated areas of the grantee's service areas. This Channel shall be in addition to the other Channels provided for in this Exhibit.
- (e) The GRANTEE shall, upon request, provide up to four (4) additional PEG Access Channel(s) [beyond the minimum of four (4) channels].when the channel usage "trigger", described below, has been achieved. An additional public or educational or governmental access channel may be requested if the viewing audience indicates a desire and the level of programming on the existing public or educational or governmental access channel(s) meets or exceeds the following:
 - (1) Whenever any of the PEG channels as set forth above are in use during sixty percent (60%) of the time between the hours of 9:00 a.m. and 6:00 p.m. and eighty percent (80%) of the time between the hours of 6:00 p.m. and 10:00 p.m. on weekdays (Monday through

Friday for the Public and Government channels) and (Monday through Thursday for the Education Channels) for thirteen (13) consecutive weeks, the Franchisee shall make an additional channel available for the same purpose up to the channel capacity of the Cable System. In calculating the usage percentage to trigger provision of additional PEG Access Channel(s), a repeated program may only be counted four (4) times after the first run and non-local programming shall not be counted for purposes of trigger the provision of additional PEG Access Channels.

(2) For purposes of Section (1) above, local programming is defined as: Programming produced or provided by any resident of the unincorporated areas of San Luis Obispo County (or any public or private agency which provides services to residents located in the unincorporated areas of San Luis Obispo County) regardless of where the programming was physically produced.

(3) In the event that a channel previously activated under this Section remains unused for more than 180 days, the GRANTEE, upon written notice to the County, shall have the right to utilize the unoccupied channel until the County requests use of the channel.

(4) GRANTEE may, at GRANTEE'S option and at GRANTEES cost, request a statistically meaningful survey be conducted to determine the level of support within the viewing community for the addition of PEG channels. The survey shall be conducted with

COUNTY and GRANTEE mutually agreeing upon sample questions and sample population. Should the COUNTY and GRANTEE not be able to mutually agree upon questions or sample population, then each will submit one (1) set of recommended questions and one (1) suggested sample population to the COUNTY Director of Public Works, who shall place the submittals before a mutually agreed upon qualified arbitrating agent who shall decide between the two submittals as to which sample questions and / or sample population shall be used.

Additional PEG Channels shall be instituted only if the sample indicates that 70% are in favor of adding additional PEG Channels.

(f) Once an additional channel has been activated by the Franchisee, utilizing the guidelines above, the Franchisee may, no later than 60 days after activation, request of the Board of Supervisors that the franchise term be extended by no more than one year for each channel activated.

(g) All Channels designated for PEG Access use shall be carried on the lowest price tier of GRANTEE's Cable Service, unless otherwise mutually agreed to by COUNTY and GRANTEE.

(h) COUNTY and GRANTEE acknowledge that GRANTEE may in the future use video compression technology in order to transmit PEG Access video programming in a digital format to Subscribers. Until such time as GRANTEE has converted all analog video programming to digital, consistent with federal

law, GRANTEE shall make PEG Access Channels available to both its analog and digital Subscribers.

5. FUTURE CHANNEL NEEDS

Either party to this Agreement may request that the other party meet and confer to discuss actual or potential changes in PEG access channel requirements, whether attributable to technology development, changes in viewerships statistics, or other factors. Any modifications that are agreed upon by the parties will be memorialized in writing.

6. PROVISION OF PEG ACCESS EQUIPMENT AND FACILITIES

(a) The PEG Access grants described in this Section shall be utilized by COUNTY, or COUNTY's designee, for PEG Access equipment and facilities, which are defined to include, but not be limited to, data communications terminal and interface equipment as well as video equipment used in conjunction with the Cable System facilities.

(b) GRANTEE shall provide a grant of one percent (1%) of Gross Annual Cable Service Revenues to COUNTY to support PEG Access. The grant shall be continued throughout the duration of the Franchise, unless otherwise directed by the COUNTY. The grant funds shall be available to the Grantor and shall be utilized for access capital projects only. The grant funds shall be paid to the COUNTY on a quarterly basis, concurrent with the Franchise Fee payment.

(c) COUNTY shall not oppose the inclusion and cost recovery on Subscribers' bills of the Access grants provided in 6(b) above, so long as said

inclusion is done in a manner consistent with the provisions of Federal and State law and regulation.

7. PEG ACCESS OPERATIONS

(a) GRANTEE shall maintain GRANTEE's current PEG Access facility in the City of San Luis Obispo for the duration of this Agreement.

(b) Grantee shall relocate the existing public access studio located on the second floor of the 270 Bridge Street, San Luis Obispo, CA building to the first floor of the same location at such time that Grantee relocates their administrative functions from their current location to a facility other than the 270 Bridge Street facility.

8. RELOCATION OF PEG CHANNELS

If GRANTEE relocates any PEG Access Channel to a different Channel number, GRANTEE shall reimburse COUNTY for all reasonable out-of-pocket COUNTY costs if said relocation was under GRANTEE's control. GRANTEE shall provide COUNTY and all Subscribers with at least thirty (30) days written notice of such relocation, if the relocation is within GRANTEE's control.

EXHIBIT B

GRANTEE'S COMMITMENT TO INSTITUTIONAL NETWORK

The GRANTEE shall provide to the COUNTY the equivalent of one-million dollars (\$1,000,000) in cash or new construction and/or new equipment (heinafter called improvements) for institutional network inhancements. The COUNTY, through the Director of Public Works and Transportation (DPWT), shall be the sole determiner as to which improvements shall be undertaken. GRANTEE agrees to provide improvements up to the amount of the commitment then due within ninty (90) days after receiving written notice from the DPWT.

The one-million dollar commitment shall be provided in installments of at least \$250,000 during each of years one, three, five and seven of Agreement. Nothing in this agreement precludes the GRANTEE from completing this commitment in advance. The value of any improvements constructed by the Grantee shall be based upon actual costs of the Grantee, insofar as said actual costs do not exceed standard costs for similar types of improvements. Should Grantee and COUNTY not be able to mutually agree on the value of improvements, the matter shall be submitted to binding arbitration.

The COUNTY maintains the right to fund improvements in advance of the amount due from GRANTEE utilizing COUNTY financing sources. Should COUNTY undertake improvements in excess of the amounts then due by GRANTEE, then GRANTEE shall pay to the COUNTY the fair value of the

improvements undertaken and completed by the COUNTY in cash at the time that GRANTEE commitments is due.

In addition to said one-million dollar commitment, GRANTEE shall commit two (2) fiberoptic strands that exist at the time this agreement is finalized.